

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

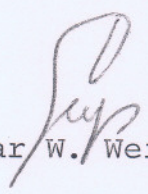
EXECUTIVE

September 14, 1970

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MEMORANDUM FOR MR. EHRLICHMAN

For your information, I attach minutes of the meeting we had with Secretary Hardin and a copy of the letter I have sent to Secretary Hardin today. This is designed to secure compliance with your September 8 memo and to ensure that the reprogramming to raise the money for special milk is not done so as to cause any reduction in the school lunch program.


Caspar W. Weinberger

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Minutes of Meeting with Secretary Hardin
on September 4, 1970,
to Discuss Special Milk, ACP, FY 1971 Appropriations,
and the Pending Farm Bill

Messrs. Weinberger, Nathan, Crabill, Kraus, and Landis of OMB met with Secretary Hardin, Under Secretary Campbell, and Mr. Charles Grant of USDA and Mr. Cowen and Mr. Harper of the White House on September 4, 1970, to discuss the above subjects.

Special Milk Program -- In response to our earlier request, Secretary Hardin discussed the findings of the USDA General Counsel on the question of whether this program could be administratively targeted toward "needy" children. The findings were:

- .. The language in the special milk legislation is clear on the point that a "means test" cannot be used in administering the program. The program must be generally made available as in past years.
- .. During debate on the then-pending special milk bill, an amendment to establish a "means test" was defeated.

Secretary Hardin acknowledged that "special milk" has lower priority programmatically than other USDA programs, but stated that congressional and dairy producer interests make it essential that the program be funded during FY 1971.

Mr. Nathan and White House representatives cited the need to preserve "Economy Message" proposals. They argued that restoration of special milk would be inconsistent with the Administration's strategy of relying on the child nutrition programs for provision of school lunches and milk for school children with special emphasis on the requirements of "needy" children.

Mr. Weinberger advised Secretary Hardin that the special milk program would be restored for FY 1971 only if the USDA regarded the program as having more importance than any other in their Department and only if they were prepared to "eat" the \$30 million net additional required to finance the program. (Secretary Hardin was requested to send an outlay reduction plan on the \$30 million to OMB.) The uncontrollable

CCC outlay limitation will be reduced by \$55 million since the original FY 1971 budget for CCC was \$55 million higher than would otherwise have been the case because of the proposed elimination of the special milk program. OMB and WH staff decided that no reduction be made in the child nutrition programs and so advised the Secretary. Secretary Hardin stated a preference for applying an across-the-board percentage cut to other than CCC programs to achieve the \$30 million reduction.

Agricultural Conservation Program -- Mr. Weinberger stated that we should hold the line and not restore ACP for FY 1971. Under Secretary Campbell stated that action to close ASCS offices which will no longer be required if ACP is eliminated should be deferred until late in November. Mr. Weinberger stated that OMB will prepare a memorandum arguing strongly that ACP should not be restored because it is intrinsically a low priority program, and because its deletion is important to maintain the Administration's credibility on "Economy Message" proposals. The memorandum will also indicate that Secretary Hardin believes that ACP should be restored for FY 1971, largely because of congressional interest in the program. Secretary Hardin believes that Congress may include a provision in the appropriation bill requiring that the program be carried out at prior-year levels. This memorandum will be submitted to the President.

Status of FY 1971 USDA Appropriation Bill -- Secretary Hardin stated that a House and Senate conference on the USDA appropriation bill will not be held until after action is completed on the farm bill. (Senate floor action on the farm bill is scheduled for the week of September 13.) Secretary Hardin stated that pressures on food stamp have already developed to the point that USDA will have to spend at a rate of \$1.5 billion for FY 1971 (budget is \$1.25 billion). He indicated that one way to stay within the budget was to reduce food stamp bonus values.

Farm Bill -- Secretary Hardin stated that he is confident that he will be successful in obtaining Senate action to eliminate most of the "costly" features of the Senate committee bill; e.g., advance payments on wheat and feed grains, and some of the cotton provisions. He stated further that if we can get approximately the House-passed farm bill, USDA should be able to administer the commodity programs so as to stay within the CCC outlay ceiling for FY 1972.

Mr. Weinberger asked whether there was any sentiment in the Senate for substituting the House-passed bill for the committee bill on the Senate floor. The Secretary stated there was a measure of such sentiment, but did not give a reading on the potential feasibility of such a strategy.

Mr. Weinberger asked whether there was any possibility of obtaining an amendment to the farm bill which would establish an overall ceiling on CCC outlays. Secretary Hardin stated that he had originally proposed the establishment of an overall outlay ceiling on commodity programs for inclusion in the farm bill -- no takers. Secretary Hardin stated that he would welcome White House legislative liaison assistance on the farm bill.

September 11, 1970

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WASHINGTON, D.C. 20503

September 14, 1970

Honorable Clifford M. Hardin
Secretary of Agriculture
Washington, D. C. 20250

Dear Cliff:

I enclose a copy of the minutes of our meeting with you on September 4, and a memorandum from John Ehrlichman. These enclosures are for your information and to assist you in working out your reprogramming designed to raise the money necessary to pay for the special milk program.

Sincerely,

Caspar W. Weinberger
Deputy Director

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